



U.S.-Korea Free Trade Agreement

What's At Stake for Animal Hides and Skins?

August 2010

The U.S.-Korea Free Trade Agreement (KORUS FTA) will provide America's farmers, ranchers, food processors, and the businesses they support with improved access to the Republic of Korea's 49 million consumers. If approved by Congress, this would be the most economically significant trade agreement for the U.S. agricultural sector in more than 15 years.

Under this agreement, more than 60 percent of U.S. agricultural exports will become duty free immediately. Lower tariffs benefit both U.S. suppliers and Korea's consumers. The KORUS FTA will help the United States compete against Korea's other major agriculture suppliers and help keep the United States on a level playing field with Korea's current free trade partners, such as Chile, and any future FTA partners.

In October 2009, Korea finalized its FTA with the European Union. Korea has FTAs in place with Chile, India, and the 10-country ASEAN group, and is negotiating new FTAs with Canada, Australia, New Zealand, and China. Most of these countries are U.S. competitors. Should the United States not implement the KORUS-FTA, the U.S. share of Korea's total agricultural imports, which stood at nearly 30 percent in 2009, could steadily erode.

Cattle Hides

With the Agreement...

U.S. exports of cattle hides and skins will receive immediate duty-free access upon implementation.

The Trade Situation...

Cattle hides make up over 90 percent of U.S. animal hides and skins shipped to Korea. South Korea is the second largest market for cattle hides (whole hides and parts), and accounts for over one-sixth of U.S. overseas sales. From 2007 through 2009, U.S. suppliers shipped an average \$280-million worth of cattle hides to Korea.

U.S. cattle hides dominate the Korean import market with an 88-percent share. Korea's import market for cattle hides has been stagnant for many years, and has declined since 2001. Tanning industries in China and other Asian countries are taking business away from Korean companies.

The Current Market Access Situation...

Barriers to trade are minimal. U.S. cattle hides face an applied tariff rate of 1 percent. The World Trade Organization (WTO) bound tariff rate is 5 percent.

Mink

With the Agreement...

U.S. exports of mink furskins will receive immediate duty-free access upon implementation.

The Trade Situation...

Korea is the third largest market for mink skins (raw, tanned, or dressed) and accounts for 12 percent of U.S. overseas sales. From 2007 through 2009, U.S. suppliers shipped an average 516,000 mink skins valued at \$24 million to Korea. The United States is the second largest mink fur supplier behind Canada with 31 percent of the Korean import market. Denmark is the other key competitor.

The Current Market Access Situation...

Barriers to trade are minimal. U.S. mink skins face an applied tariff rate of 3 percent. The WTO bound tariff rate is 36 percent.

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